

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Marquette-Alger Regional Educational Service A</b>	County <b>Marquette</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>10/15/04</b>	Date Accountant Report Submitted to State: <b>11/5/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

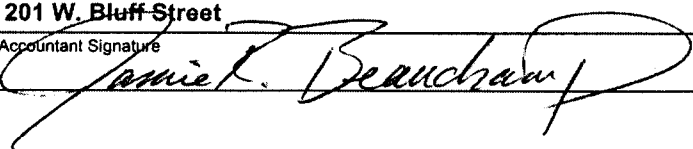
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>Makela, Toutant, Hill, &amp; Nardi, PC</b>			
Street Address <b>201 W. Bluff Street</b>		City <b>Marquette</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49855</b>	Date <b>11/5/04</b>

Audited Basic Financial Statements  
Required Supplementary Information  
And Other Financial Information

**MARQUETTE-ALGER REGIONAL  
EDUCATIONAL SERVICE AGENCY**

June 30, 2004

Audited Basic Financial Statements  
Required Supplementary Information  
And Other Financial Information

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

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Marquette-Alger Regional Educational Service Agency ("MARESA" or "Agency") is an intermediate school district located in Marquette County, Michigan. MARESA is in its second year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be MARESA's discussion and analysis of the financial results for the fiscal year ended June 30, 2004.

Generally accepted accounting principles (GAAP) through GASB 34 requires the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

#### **District-Wide Financial Statements**

The District-Wide Financial Statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The two required district-wide financial statements are the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the Agency's assets and liabilities. The Statement of Activities includes all of the current year's revenues and expenses that are accounted for regardless of when cash is received or paid.

Net Assets, the difference between the Agency's assets and liabilities, are one way to measure a district's financial health or position.

- Over time, increases or decreases in a district's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, one needs to consider additional non-financial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In district-wide financial statements, the Statement of Activities is divided into two categories:

- Governmental activities: All of the Agency's basic services are included here, such as general and special education and administration. Property taxes and state funding finance most of these activities; and
- Business-type activities: The Agency does not have any activities reported as business-type activities.

#### **Fund Financial Statements**

Fund Financial Statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are expected to be paid with current financial resources.

The Fund Financial Statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the following fund types and related activities are defined as followed:

*Governmental Fund Types*

**General Fund:** The General Fund is the general operating fund and, accordingly, it is used to account for resources devoted to financing the general services of the Agency except those accounted for in another fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for the activities of specific revenue sources such as special education.

**Capital Projects Fund:** The Capital Projects Fund is used to account for financial resources to be used for major capital expenditures, including equipment, not financed by proprietary funds.

**Debt Service Fund:** The Debt Service Fund is used to accumulate resources for payment of interest and principal on long-term bonds payable.

*Proprietary Fund Types*

**Internal Service Funds:** Internal Service Funds are used to account for the financing of services provided by one department to another department within the governmental entity. The Agency's Internal Service Funds pay for various Agency unemployment claims and terminal leave benefits through user charges.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**Summary of Net Assets (District-Wide Financial Statement)**

The condensed Statement of Net Assets as of June 30, 2004, is as follows:

Current Assets		\$ 6,002,320
Capital Assets		3,087,060
Other Assets		<u>50,000</u>
	Total Assets	9,139,380
Current Liabilities		3,024,323
Non-current Liabilities		<u>2,177,744</u>
	Total Liabilities	5,202,067
Investment in Capital Assets, Net of Related Debt		1,239,297
Unrestricted		<u>2,698,016</u>
	Total Net Assets	<u>\$ 3,937,313</u>

### Statement of Activities (District-Wide Financial Statement)

The condensed Statement of Activities for the fiscal year ended June 30, 2004, is as follows:

Charges for Services	\$	171,964
Operating Grants		7,087,311
Property Taxes		3,479,545
State Aid		863,755
Other		<u>195,743</u>
Total Revenues		11,798,318
Instruction		847,311
Supporting Services		5,110,984
Community Services		343,221
Other		<u>5,280,815</u>
Total Expenses		11,582,331
Change in Net Assets		215,987
Net Assets at Beginning of Year (as previously reported)		2,959,956
Restatement – See Note K		<u>761,370</u>
Net Assets at beginning of year (as restated)		3,721,326
Change in Net Assets		<u>215,987</u>
Net Assets at End of Year	\$	<u>3,937,313</u>

During the fiscal year ended June 30, 2004, the Agency's net assets increased \$215,987 or 5.8%.

### Fund Balances (Fund Financial Statements)

The table below details the Agency's governmental fund balances

	June 30 2004	June 30 2003	Increase (Decrease)
General Fund	\$ 1,608,692	\$ 1,478,664	\$ 130,028
Special Education Fund	803,723	661,074	142,649
Capital Projects Fund	259,347	257,154	2,193
Other Governmental Funds (Debt Service)	<u>446</u>	<u>682</u>	<u>(236)</u>
	<u>\$ 2,672,208</u>	<u>\$ 2,397,574</u>	<u>\$ 274,634</u>

The General Fund increased \$130,028 due to cost control measures.

The Special Education Fund increased by \$142,649 mainly due to an increase in Flowthrough Grant distributions to the districts, which caused a significant increase in expenditures, and per standing policy, to distribute all but 10% (equal to 10% of current year expenditures) of fund equity to local school districts.

The Capital Project Fund increased \$2,193 due to interest earned on investments.

Proprietary Funds of the Agency are detailed below:

	June 30 2004	July 30 2003	Increase (Decrease)
Retirement Fund	\$ 56,401	\$ 111,043	\$ (54,642)
Unemployment Fund	257,069	265,162	(8,093)
	<u>\$ 313,470</u>	<u>\$ 376,205</u>	<u>\$ (62,735)</u>

The Retirement Fund decreased \$54,642 due to payouts related to retirements.

The Unemployment Fund decreased \$8,093 due to payouts related to unemployment.

MARESA also oversees an agency fund that had \$6,084 of assets and liabilities as of June 30, 2004.

*Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)*

The Agency levied .2164 mills of property taxes for General Fund operations and 1.8428 mills for Special Education operations on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable value increase for property is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which approximates, 50 percent of the market value.

The Agency's tax revenue for the 2003-2004 fiscal year was \$3,479,546.

**Budget and Actual Revenues and Expenditures (Required Supplementary Information)**

Expenditures -- Budget vs. Actual for the year ended June 30, 2004

*General Fund:*

	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual & Original Budget	Expenditures Variance Actual & Final Budget
Non-Grants	\$ 1,830,901	\$ 1,827,790	\$ 1,701,389	\$ (129,512)	\$ (126,401)
Grants		1,928,951	1,456,205	1,456,205	(472,746)
Total	<u>\$ 1,830,901</u>	<u>\$ 3,756,741</u>	<u>\$ 3,157,594</u>	<u>\$ 1,326,693</u>	<u>\$ (599,147)</u>

*Special Education Fund:*

	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual & Original Budget	Expenditures Variance Actual & Final Budget
Non-Grants	\$ 1,142,009	\$ 1,082,202	\$ 994,122	\$ (147,887)	\$ (88,080)
Grants		3,823,806	2,106,330	2,106,330	(1,717,476)
Total	<u>\$ 1,142,009</u>	<u>\$ 4,906,008</u>	<u>\$ 3,100,452</u>	<u>\$ 1,958,443</u>	<u>\$ (1,805,556)</u>

# Revenue -- Budget vs. Actual

## *General Fund:*

	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual & Original Budget	Revenues Variance Actual & Final Budget
Non-Grants	\$ 1,584,301	\$ 1,592,676	\$ 1,586,472	\$ 2,171	\$ (6,204)
Grants		2,673,198	2,029,756	2,029,756	(643,442)
Total	<u>\$ 1,584,301</u>	<u>\$ 4,265,874</u>	<u>\$ 3,616,228</u>	<u>\$ 2,031,927</u>	<u>\$ (649,646)</u>

## *Special Education Fund:*

	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual & Original Budget	Revenues Variance Actual & Final Budget
Non-Grants	\$ 4,341,158	\$ 4,210,719	\$ 4,500,542	\$ 159,384	\$ 289,823
Grants		5,855,168	3,679,341	3,679,341	(2,175,827)
Total	<u>\$ 4,341,158</u>	<u>\$ 10,065,887</u>	<u>\$ 8,179,883</u>	<u>\$ 3,838,725</u>	<u>\$ (1,886,004)</u>

## Original vs. Final Budget

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, MARESA amends its budget twice during the fiscal year. For fiscal year June 30, 2004, the budget was amended in February and June 2004. The June 2004 budget amendment was the final budget for the fiscal year.

## REVENUES:

Revenues changed from Original to Final Budget as follows:

## *General Fund:*

	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Non-Grants	\$ 1,584,301	\$ 1,592,676	\$ 8,375	.5%
Grants		2,673,198	2,673,198	N/A
Total	<u>\$ 1,584,301</u>	<u>\$ 4,265,874</u>	<u>\$ 2,681,573</u>	<u>69.3%</u>



*Special Education Fund:*

	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Non-Grants	\$ 4,341,158	\$ 4,210,719	\$ (130,439)	(3.1%)
Grants		5,855,168	5,855,168	N/A
Total	<u>\$ 4,341,158</u>	<u>\$ 10,065,887</u>	<u>5,724,729</u>	<u>56.9%</u>

*Including Grants:*

Including grants, the Agency's final budgeted revenues differed from the original budget as follows:

- General Fund by \$2,681,573, a variance of 69.3%.
- Special Education Fund by \$5,724,729 or 56.9% greater than the original budget.

The significant increase in revenue for both funds can be attributed mainly to Grants. Grants are recognized on MARESA financial statements once MARESA receives formal notice of award and approval from the state. Hence, no grants were awarded at the time of the original budget whereas all grants were awarded and approved by the time of the final budget. Also, the final budgets for both the General Fund and the Special Education Fund include grant revenues that will be utilized in the next fiscal year. The Agency budgeted the entire grant awarded by the grantors, even if the grants were to be eligible for carryover in the next fiscal year as detailed in the Notes to Required Supplementary Information, Note A, Budget to Actual Reconciliation found within this report.

*Excluding Grants:*

Excluding grants, the Agency's final budgeted revenue in the:

- General Fund was \$1,592,676, which was \$8,375 or .5% more than the original budget.
- Special Education Fund was \$4,210,719, which was \$130,439 or 3.1% less than the original budget.

**EXPENDITURES**

The Agency's budget for expenditures changed during the year as follows:

*General Fund:*

Description	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Non-Grants	\$ 1,830,901	\$ 1,827,790	\$ (3,111)	(.2%)
Grants		1,928,951	1,928,951	N/A
Total	<u>\$ 1,830,901</u>	<u>\$ 3,756,741</u>	<u>\$ 1,925,840</u>	<u>51.3%</u>

***Special Education Fund:***

Description	Original Budget	Final Budget	Budget Variance	
			Amount	Percent
Non-Grants	\$ 1,142,009	\$ 1,082,202	\$ (59,807)	(5.5%)
Grants		3,823,806	3,823,806	N/A
Total	\$ 1,142,009	\$ 4,906,008	\$ 3,763,999	76.7%

***Including Grants:***

As indicated above, the Agency's final budgeted expenditures in the:

- General Fund was \$3,756,741 or 51.3% greater than the original budget.
- Special Education Fund were \$4,906,008 or 76.7% greater than the original budget.

The significant increase in expenditures for both funds can also be attributed mainly to Grants. Grants are recognized on MARESA financial statements once MARESA receives formal notice of award and approval from the state. Hence, no grants were awarded at the time of the original budget whereas all grants were awarded and approved by the time of the final budget. Also, the final budgets for both the General Fund and the Special Education Fund include related grant expenditures that will be utilized in the next fiscal year. The Agency budgeted the entire grant awarded by the grantors, even if the grants were to be expended in multiple fiscal years. The grant awards not expended by June 30, 2004, and eligible for carryover in the next fiscal year as detailed in the Notes to Required Supplementary Information, Note A, Budget to Actual Reconciliation found within this report.

***Excluding Grants:***

Excluding grants, the Agency's final budget expenditures in the:

- General Fund was \$3,111 or .2% less than the original budget.
- Special Education Fund was \$59,807 or 5.5% less than the original budget.

**REVENUES -- Actual prior year vs. Actual current year for the year ended June 30, 2004**

***General Fund:***

	June 30 2003	June 30 2004	Variance	
			Amount	Percent
Non-Grants	\$ 1,589,850	\$ 1,586,472	\$ (3,378)	(.21%)
Grants	2,375,712	2,029,756	(345,956)	(17.04%)
Total	\$ 3,965,562	\$ 3,616,228	\$ (349,334)	(9.66%)

*Special Education Fund:*

	June 30 2003	June 30 2004	Variance	
			Amount	Percent
Non-Grants	\$ 4,058,071	\$ 4,500,542	\$ 442,471	10.9%
Grants	<u>2,504,509</u>	<u>3,679,341</u>	<u>1,174,832</u>	<u>46.91%</u>
Total	<u>\$ 6,562,580</u>	<u>\$ 8,179,883</u>	<u>\$ 1,617,303</u>	<u>24.64%</u>

*Including Grants:*

Including grants, the Agency's current year's final actual revenues differed from the prior year's actual revenues as follows:

- General Fund by \$349,334, a variance of 9.66% less than last year's actual revenues.
- Special Education Fund by \$1,617,303 or 24.64% greater than last year's actual revenues.

The decrease in revenue for the General Fund can be attributed mainly to Grants. The significant increase in revenue for the Special Education fund can be attributed mainly to Grants and increase revenue from Medicaid Fee For Service. Other contributing factors to the Special Education revenue increase were Property Taxes and State Aid.

*Excluding Grants:*

Excluding grants, the Agency's current year's final actual revenues differed from the prior year's actual revenues as follows:

- General Fund was \$1,586,472, which was \$3,378 or .21% less than last year's actual revenues.
- Special Education Fund was \$4,500,542, which was \$442,471 or 10.9% more than last year's actual revenues.

**EXPENDITURES**

The Agency's actual expenditures changed from last year as follows:

*General Fund:*

Description	June 30 2003	June 30 2004	Variance	
			Amount	Percent
Non-Grants	\$ 1,843,190	\$ 1,701,389	\$ (141,801)	(8.33%)
Grants	<u>1,946,666</u>	<u>1,456,205</u>	<u>(490,461)</u>	<u>(33.68%)</u>
Total	<u>\$ 3,789,856</u>	<u>\$ 3,157,594</u>	<u>\$ (632,262)</u>	<u>(20.02%)</u>

*Special Education Fund:*

Description	June 30 2003	June 30 2004	Variance	
			Amount	Percent
Non-Grants	\$ 1,036,217	\$ 994,122	\$ (42,095)	(4.23%)
Grants	<u>1,939,727</u>	<u>2,106,330</u>	<u>166,603</u>	<u>8.58%</u>
Total	<u>\$ 2,975,944</u>	<u>\$ 3,100,452</u>	<u>\$ 124,508</u>	<u>4.18%</u>

*Including Grants:*

As indicated above, the Agency's current year's actual expenditures differed from the prior year's actual expenditures as follows:

- General Fund was \$632,262 or 20.02% less than last year's actual expenditures.
- Special Education Fund was \$124,508 or 4.18% greater than last year's actual expenditures.

The significant decrease in expenditures for the General Fund and significant increase in expenditures for the Special Education fund can be attributed mainly to Grants.

*Excluding Grants:*

Excluding grants, the Agency's final actual expenditures in the:

- General Fund was \$141,801 or 8.33% less than last year's actual expenditures.
- Special Education Fund was \$42,095 or 4.23% less than last year's actual expenditures.

**Long-Term Debt**

The Agency's long-term debt decreased \$66,512 from \$2,287,833 to \$2,221,321 as detailed in the Notes to Financial Statements, Note F--Long-Term Debt.

**Net Investment in Capital Assets**

MARESA's net investment in capital decreased by \$68,294 to \$3,087,060 mainly as a result of depreciation. A detail of the net investment in capital assets is presented in the Notes to Financial Statements, Note C--Capital Assets.

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Capital Assets	\$ 3,268,536	\$ 12,999		\$ 3,281,535
Less: Accumulated Depreciation	<u>(113,182)</u>	<u>(81,293)</u>		<u>(194,475)</u>
Net Investment Capital Assets	<u>\$ 3,155,354</u>	<u>\$ (68,294)</u>	<u>\$ 0</u>	<u>\$ 3,087,060</u>

### **Currently Known Facts That May Have a Significant Impact on the Agency's Future**

Legislation: The Agency is aware that the State of Michigan (State) is currently experiencing significant financial difficulties. MARESA does rely on State funding and will be impacted by the State's economic hardship. The exact impact is unknown at the writing of this report.

Currently there are no approved, planned, or unreported capital projects, commercial development; residential development; litigation; or approved debt that will have a material impact on Agency operations.

### **Contacting the Agency's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Business and Finance Office, of MARESA at:

321 E. Ohio Street  
Marquette, MI 49855  
(906) 226-5106



**MAKELA, TOUTANT, HILL & NARDI, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

201 West Bluff Street  
Marquette, Michigan 49855  
Members  
American Institute of CPA's  
Michigan Association of CPA's

**REPORT OF INDEPENDENT AUDITORS**

Board of Education  
Marquette-Alger Regional Educational Service Agency  
Marquette, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marquette-Alger Regional Educational Service Agency, (Agency), as of, and for the year ended June 30, 2004, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marquette-Alger Regional Educational Service Agency, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary comparison information on pages 36-37, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



-11-

*Our goal is to help you meet yours!*

Board of Education  
Marquette-Alger Regional Educational Service Agency

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2004, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Makela, Tautant, Hill + Naudie, P.C.*

October 15, 2004

# STATEMENT OF NET ASSETS

## MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

June 30, 2004

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 3,195,101
Investments	8,382
Accounts receivable	169,684
Due from other governmental units	2,560,749
Current portion of note receivable	50,000
Other current assets	18,404
	<hr/>
TOTAL CURRENT ASSETS	6,002,320
<b>NON-CURRENT ASSETS</b>	
Note receivable net of current portion	50,000
Capital assets	3,281,535
Less: accumulated depreciation	(194,475)
	<hr/>
TOTAL NON-CURRENT ASSETS	3,137,060
	<hr/>
TOTAL ASSETS	9,139,380
	<hr/>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	127,226
Accrued liabilities	254,675
Due to other governmental units	2,438,667
Deferred revenue	146,074
Accrued interest	14,105
Current portion of non-current liabilities	43,576
	<hr/>
TOTAL CURRENT LIABILITIES	3,024,323
<b>NON-CURRENT LIABILITIES</b>	
Compensated absences	76,055
Bonds payable	2,137,502
Capital lease obligation	7,763
Less: current portion of non-current liabilities	(43,576)
	<hr/>
TOTAL NON-CURRENT LIABILITIES	2,177,744
	<hr/>
TOTAL LIABILITIES	5,202,067
	<hr/>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	1,239,297
Unrestricted	2,698,016
	<hr/>
TOTAL NET ASSETS	\$ 3,937,313
	<hr/>

See notes to the financial statements.



STATEMENT OF ACTIVITIES

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

		Program Revenues		Net (Expense)
				Revenue and
				Changes in
				Net Assets
	Expenses	Charge for Services	Operating Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS:</b>				
Governmental Activities:				
Instruction	\$ 847,311		\$ 462,837	\$ (384,474)
Support services	5,110,984	\$ 133,207	3,674,384	(1,303,393)
Community services	343,221	38,757	251,645	(52,819)
Interest on debt - unallocated	14,894			(14,894)
Transfers to local districts	5,184,628		2,698,445	(2,486,183)
Depreciation--unallocated	81,293			(81,293)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 11,582,331</b>	<b>\$ 171,964</b>	<b>\$ 7,087,311</b>	<b>(4,323,056)</b>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property taxes, levied for general purposes				333,649
Property taxes, levied for special education				2,841,794
Specific ore taxes, levied for general purposes				29,320
Specific ore taxes, levied for special education				249,652
Other taxes				25,130
State aid				863,755
Grants and contributions not restricted to specific programs				182,254
Investment earnings				13,489
<b>TOTAL GENERAL REVENUES</b>				<b>4,539,043</b>
<b>CHANGE IN NET ASSETS</b>				<b>215,987</b>
Net assets at beginning of year, as previously reported				2,959,956
Restatement--See Note K				761,370
Net assets at beginning of year, as restated				3,721,326
<b>NET ASSETS AT END OF YEAR</b>				<b>\$ 3,937,313</b>

See notes to financial statements.

## BALANCE SHEET--GOVERNMENTAL FUNDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

**ASSETS**

	General Fund	Special Education Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,150,368	\$ 1,401,811	\$ 257,955	\$ 446	\$ 2,810,580
Investments	1,000	1,541	1,392		3,933
Accounts receivable	73,221	96,463			169,684
Due from other governmental units	838,905	1,721,844			2,560,749
Other current assets	18,404				18,404

<b>TOTAL ASSETS</b>	<b>\$ 2,081,898</b>	<b>\$ 3,221,659</b>	<b>\$ 259,347</b>	<b>\$ 446</b>	<b>\$ 5,563,350</b>
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**LIABILITIES**

Accounts payable	\$ 50,060	\$ 77,166			\$ 127,226
Accrued liabilities	60,802	118,373			179,175
Due to other governmental units	248,549	2,190,118			2,438,667
Deferred revenue	113,795	32,279			146,074

<b>TOTAL LIABILITIES</b>	<b>473,206</b>	<b>2,417,936</b>	<b>\$ 0</b>		<b>2,891,142</b>
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**FUND BALANCES**

## Unreserved:

## Undesignated, reported in:

General Fund	1,608,692				1,608,692
Special Education Fund		803,723			803,723
Capital Projects Fund			259,347		259,347
Debt Service Fund				\$ 446	446

<b>TOTAL FUND BALANCES</b>	<b>1,608,692</b>	<b>803,723</b>	<b>259,347</b>	<b>446</b>	<b>2,672,208</b>
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<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,081,898</b>	<b>\$ 3,221,659</b>	<b>\$ 259,347</b>	<b>\$ 446</b>	<b>\$ 5,563,350</b>
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See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

Total governmental fund balance	\$ 2,672,208
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Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported as assets in  
governmental funds. Capital assets at year end consist of:

Cost of capital assets	\$ 3,281,535	
Accumulated depreciation	<u>194,475</u>	3,087,060

Internal service funds are used by the Agency's management to charge individual funds the cost of retirement and unemployment benefits. The assets and liabilities of the internal service funds are included with governmental activities.	313,470
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Land contract was used by the Agency's management to finance the sale of the old administration building. The remaining amount due is recognized as a note receivable.	100,000
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Non-current liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported as liabilities in governmental funds. Non-current  
liabilities at year end consist of:

Compensated absences	\$ (76,055)	
Bonds payable	(2,137,502)	
Capital lease obligation	(7,763)	
Accrued interest	<u>(14,105)</u>	<u>(2,235,425)</u>

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,937,313</u>
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See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--  
GOVERNMENTAL FUNDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

	General Fund	Special Education Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 365,618	\$ 3,113,928			\$ 3,479,546
Other local sources	765,516	713,649	\$ 2,193		1,481,358
State sources	1,112,812	610,007			1,722,819
Federal sources	1,155,632	3,659,301			4,814,933
Other sources	216,650	82,998		\$ 14	299,662
<b>TOTAL REVENUES</b>	<b>3,616,228</b>	<b>8,179,883</b>	<b>2,193</b>	<b>14</b>	<b>11,798,318</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	160,924	686,387			847,311
Support services:					
Pupil services	284,861	1,244,165			1,529,026
Instructional staff services	1,346,572	474,817			1,821,389
General administration services	257,017	450			257,467
Business administration services	312,298	8,740		250	321,288
Operations and maintenance	144,040	3,311			147,351
Pupil transportation	705	2,911			3,616
Central services	317,824	649,053			966,877
Other support services		3,195			3,195
Community services	315,799	27,422			343,221
Debt service:					
Principal	3,053			40,000	43,053
Interest	1,503			90,760	92,263
Capital outlay	12,999				12,999
<b>TOTAL EXPENDITURES</b>	<b>3,157,595</b>	<b>3,100,451</b>	<b>0</b>	<b>131,010</b>	<b>6,389,056</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>458,633</b>	<b>5,079,432</b>	<b>2,193</b>	<b>(130,996)</b>	<b>5,409,262</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to local districts	(562,623)	(4,622,005)			(5,184,628)
Transfers (to) from other funds	234,018	(314,778)	(50,000)	130,760	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(328,605)</b>	<b>(4,936,783)</b>	<b>(50,000)</b>	<b>130,760</b>	<b>(5,184,628)</b>
<b>SPECIAL ITEM</b>					
Payment on land contract			50,000		50,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>130,028</b>	<b>142,649</b>	<b>2,193</b>	<b>(236)</b>	<b>274,634</b>
Fund balance at beginning of year	1,478,664	661,074	257,154	682	2,397,574
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,608,692</b>	<b>\$ 803,723</b>	<b>\$ 259,347</b>	<b>\$ 446</b>	<b>\$ 2,672,208</b>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

Total net change in fund balances--governmental funds		\$ 274,634
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. expense (\$81,293) exceeds capital outlay (\$12,999) in the period.		
Depreciation expense	\$ (81,293)	
Capital outlay	(12,999)	(68,294)
Payment received on a land contract is a revenue in governmental funds when received, but reduces the note receivable in the Statement Net Assets.		(50,000)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces non-current liabilities in the Statement of Net Assets.		43,053
Interest is recognized as an expenditure in governmental funds when it is due and requires current financial resources. However, interest expense is recognized as interest accrues, not when due in the Statement of Activities. The reduction of interest in the Statement of Activities is a result of accrued bond interest adjustment of \$76,847 and additional interest accruing from capital leases by \$522.		77,369
In the Statement of Activities, certain operating expenses related to compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year the total amount for paid leave exceeded the amount earned.		
Paid Leave	23,460	
Termination benefits	(21,500)	1,960
Internal service funds are used by the Agency's management to charge individual funds the cost of retirement and unemployment benefits. The net expense of the funds is reported with governmental activities.		<u>(62,735)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<u><b>\$ 215,987</b></u>

See notes to financial statements.

STATEMENT OF NET ASSETS--PROPRIETARY FUNDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

	Governmental Activities: Internal Service Funds
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 384,521
Investments	<u>4,449</u>
TOTAL CURRENT ASSETS	388,970
LIABILITIES	
CURRENT LIABILITIES	
Accrued liabilities	<u>75,500</u>
NET ASSETS	
Unrestricted	<u><u>\$ 313,470</u></u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--  
 PROPRIETARY FUNDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

		Governmental Activities: Internal Service Funds
OPERATING EXPENSES		
Retirement benefits	\$	63,610
Payroll taxes		<u>2,447</u>
	TOTAL OPERATING EXPENSES	<u>66,057</u>
	OPERATING LOSS	(66,057)
NONOPERATING REVENUES (EXPENSES)		
Interest income		<u>3,322</u>
	CHANGE IN NET ASSETS	(62,735)
Net assets at beginning of year		<u>376,205</u>
	NET ASSETS AT END OF YEAR	<u>\$ 313,470</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

	Governmental Activities: Internal Service Funds
	<u>Service Funds</u>
CASH FLOW USED BY OPERATING ACTIVITIES	
Payment to employees for benefits	\$ (44,557)
CASH FLOW PROVIDED BY INVESTING ACTIVITIES	
Interest on investments	3,322
Decrease in investments	<u>425,756</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	429,078
NET CHANGE IN CASH AND CASH EQUIVALENTS	384,521
Cash and cash equivalents at beginning of year	<u>0</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 384,521</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (66,057)
Adjustments to reconcile operating income to net cash provided (used)	
by operating activities:	
Change in assets and liabilities:	
Accrued liabilities	<u>21,500</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (44,557)</u></u>

See notes to financial statements.



STATEMENT OF FIDUCIARY NET ASSETS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

	Agency Fund
ASSETS	
Cash and cash equivalents	<u>\$         6,084</u>
LIABILITIES	
Due to student groups	<u>\$         6,084</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### **MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

June 30, 2004

#### **NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Marquette-Alger Regional Educational Service Agency (Agency) is an intermediate school district as defined by Michigan law that operates under a locally appointed seven-member Board form of government, that provides educational and supportive services to the students of the thirteen local educational agencies and chartered schools within the counties of Marquette and Alger in the state of Michigan. The Agency also acts as a fiscal intermediary as mandated by various grantor agencies as defined in grant agreements.

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local units of government through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Agency are discussed below:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. Some of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  1. A management's discussion and analysis (MD&A) section, which provides an analysis of the Agency's overall financial position and results of operations; and
  2. Financial statements prepared using full accrual accounting for all of the Agency's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

*Reporting Entity*

In evaluating how to define the Agency for financial reporting purposes, management has considered the criteria included in GASB Statement No.14 to determine if any legally separate entities are component units. Based upon the application of these criteria, the financial statements of the Agency contain all of the funds controlled by the Agency's Board of Education, as no other entity meets the criteria to be considered a component unit of the Agency nor is the Agency a component unit of another entity.

*Basic Financial Statements--Government-Wide Statements*

The Agency's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Agency's instruction, support, and community services are classified as governmental activities. The Agency does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Agency's net assets are reported as investment in capital assets, net of related debt, and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Agency's functions. General government revenues (property taxes, state aid, etc.) support the functions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants directly associated with the function.

The government-wide focus emphasizes the sustainability of the Agency as an entity and the change in the Agency's net assets resulting from the current year's activities.

*Basic Financial Statements--Fund Financial Statements*

The financial transactions of the Agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

The following fund types are used by the Agency:

Governmental Funds: The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Agency:

General Fund: The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those accounted for in another fund.

Special Education Fund: The Special Education Fund is used to account for financial resources that provide special education services.

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources of major capital expenditures, including equipment.

Debt Service Fund: The Debt Service Fund is used to accumulate resources for the periodic payment of interest and principal on long-term debt.

Proprietary Funds: The focus of proprietary funds' measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The following is a description of the proprietary funds of the Agency:

Internal Service Funds: Internal Service Funds are used to account for the financing of services provided by an activity to other departments, funds, or component units, if any, on a cost-reimbursement basis. The Agency uses two internal service funds to account for unemployment and retirement benefits.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support Agency programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column for presentation. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental combined) for the determination of major funds.

The Agency's internal service funds are presented in Proprietary Funds' financial statements. Because the principal users of the services are the Agency's governmental activities, the financial statements are consolidated into the governmental activities column when presented in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

The Agency's Fiduciary Fund is presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

*Basis of Accounting*

The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government activities in government-wide financial statements, and proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded susceptible to accrual; that is, both measurable and available. "Available" means collectible within the current period or within sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except for principal and interest on general obligation debt, if any, is recognized when due.

*Financial Statement Amounts*

Cash and Cash Equivalents: The Agency has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with an initial maturity of three months or less.

Investments: The Agency holds investments, where cost equals market value, in governmental mutual funds, and in the Michigan Liquid Asset Fund investment pool.

Capital Assets: Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets, if any, are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Buildings and improvements	20-50 years
Furniture and equipment	5-10 years
Vehicles	8 years

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

General capital assets are those not reported in proprietary funds, and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Assets, but are reported in the Fund Financial Statements as capital outlay expenditures.

Accrued Liabilities and Long-Term Obligations: Payables and accrued liabilities that will be paid from governmental funds are reported on governmental fund financial statements regardless of whether they will be liquidated with current financial resources. The non-current portion of capital leases and compensated absences, that will be paid from governmental funds are reported as a liability in fund financial statements only to the extent that they will be paid with current, expendable, available financial resources (generally, within sixty days of year-end). Bonds and other non-current liabilities that will be paid from governmental funds are not recognized as a liability in fund financial statements until due.

Deferred Revenue: The Agency reports deferred revenue when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period, or when resources are received by the Agency before it has a legal claim to them, such as when grant money is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted only when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or other government regulation.

Interfund Activity: Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures/expenses. Reimbursement occurs when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

Special Items: Special items are transactions or events that are within the control of the Agency, and that are either unusual in nature or infrequent in occurrence.

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and the Budgetary Process: The Agency follows budgetary process prescribed by provisions of the State of Michigan Uniform Budgeting and Accounting Act, and entails the preparation of budgetary documents within an established timetable. All funds are legally required to be budgeted and appropriated with the exception of fiduciary funds. The legal level of budgetary control has been established at the functional level with modifications made only by a resolution of the Board. At the close of each year, budget appropriations lapse.

**NOTE B--CASH AND INVESTMENTS**

Cash and cash equivalents (net of cash overdraft), and investments included in the basic financial statements as of June 30, 2004, consists of the following:

		<u>Cash &amp; Cash Equivalents</u>	<u>Investments</u>
Cash in demand accounts		\$ 3,200,719	
Cash in money markets		466	
Certificate of deposit			\$ 1,000
	TOTAL DEPOSITS	<u>3,201,185</u>	<u>1,000</u>
Mutual funds			7,382
	TOTAL INVESTMENTS	<u>0</u>	<u>7,382</u>
	TOTAL	<u>\$ 3,201,185</u>	<u>\$ 8,382</u>
Government-Wide Financial Statements:			
Cash and cash equivalents		\$ 3,195,101	
Investments			\$ 8,382
Fiduciary Fund Financial Statements:			
Cash and cash equivalents		<u>6,084</u>	
		<u>\$ 3,201,185</u>	<u>\$ 8,382</u>

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

The total cash deposits held in financial institutions at June 30, 2004, is \$3,529,047, of which, \$200,000 is insured by the Federal Deposit Insurance Corporation (FDIC) under Regulation Number 330.8. The remaining balance of \$3,329,047 was uninsured and un-collateralized. This regulation, in summary, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000 for both demand deposits and time deposits in every financial institution that is not a branch location that is a member of the FDIC.

The Agency's investments are categorized below to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Agency or by its agent in the Agency's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' safekeeping departments or by an agent in the Agency's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or by its safekeeping department or agent, but not in the Agency's name.

### Statutory Authority

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.



NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE B--CASH AND INVESTMENTS--Continued**

5. Banker's acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

**NOTE C--CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance at July 1, 2003	Additions	Disposals	Balance at June 30, 2004
<i>Non-depreciated capital assets:</i>				
Land	\$ 224,031			\$ 224,031
Subtotal	224,031	\$ 0	\$ 0	224,031
<i>Other capital assets:</i>				
Building	2,854,178			2,854,178
Equipment	190,327	12,999		203,326
Subtotal	3,044,505	12,999	0	3,057,504
<b>TOTAL CAPITAL ASSETS</b>	<b>3,268,536</b>	<b>12,999</b>	<b>0</b>	<b>3,281,535</b>
<i>Accumulated depreciation:</i>				
Building	(52,328)	(57,084)		(109,412)
Equipment	(60,854)	(24,209)		(85,063)
Subtotal	(113,182)	(81,293)		(194,475)
<b>NET CAPITAL ASSETS</b>	<b>\$ 3,155,354</b>	<b>\$ (68,294)</b>	<b>\$ 0</b>	<b>\$ 3,087,060</b>

Depreciation expense was not allocated to governmental functions. It appears on the Statement of Activities as unallocated.

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE D--INTERFUND TRANSFERS**

Interfund transfers are included under "Other Financing Sources (Uses)" in fund financial statements to identify amounts transferred between funds during the year ended June 30, 2004, as well as for interfund charges for services.

Amounts transferred to and from various individual funds during the year ended June 30, 2004, are as follows:

Fund	Transfers To Other Funds	Fund	Transfers From Other Funds
General Fund	\$ 80,760	Debt Service Fund	\$ 130,760
Special Education Fund	314,778	General Fund	314,778
Capital Projects Fund	50,000		
	<u>\$ 445,538</u>		<u>\$ 445,538</u>

**NOTE E--TERMINAL LEAVE**

Upon retirement from the Agency and upon simultaneously becoming eligible for benefits from the Michigan Public School Employees' Retirement System, the Agency shall pay to certain eligible employees terminal leave benefits based upon various labor and union contract terms or administrative policies. These funds are accrued in the Terminal Leave Fund, which is an Internal Service Fund, as accrued liabilities to meet this obligation. The balance at June 30, 2004, is \$75,500.

**NOTE F--LONG-TERM DEBT**

A summary of the changes in long-term debt for the year ended June 30, 2004, is as follows:

	Balance at July 1, 2003	Additions	Deletions	Balance at June 30, 2004
Governmental Activities General Long-Term Debt:				
School Building and Site Bonds, Series 2002	\$ 1,880,000		\$ 40,000	\$ 1,840,000
School Improvement Bond, Series 1998	297,502			297,502
Capital lease obligation	10,816		3,053	7,763
Compensated absences	99,515		23,460	76,055
TOTAL	<u>\$ 2,287,833</u>	<u>\$ 0</u>	<u>\$ 66,513</u>	<u>\$ 2,221,320</u>

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE F--LONG-TERM DEBT--Continued**

The annual debt service requirements to maturity, including both principal and interest, for the non-current liabilities (excluding compensated absences) are as follows:

Year Ended June 30	Principal	Interest	Total
2005	\$ 43,576	\$ 89,900	\$ 133,476
2006	71,727	97,610	169,337
2007	68,608	94,097	162,705
2008	74,738	90,903	165,641
2009-2013	1,886,616	366,571	2,253,187
	<u>\$ 2,145,265</u>	<u>\$ 739,081</u>	<u>\$ 2,884,346</u>

**SCHOOL IMPROVEMENT BOND, SERIES 1998**

The Agency participated in the School Improvement Bond, Series 1998, to obtain one-half of their allocation of the statewide Durant Settlement. As part of the settlement, the Agency will receive one-half of their total settlement of \$931,342 over a ten-year period. The other half of the settlement was received through bond proceeds obligated to the Agency. The debt service requirements of the bonds funded through annual state aid payments are repaid over a fifteen-year period that began May 15, 1999. A schedule of the Agency's remaining bond repayment requirements are as follows:

Year Ended June 30	Governmental Activities		
	Durant Bonds		
	Principal	Interest	Total
2006	\$ 22,540	\$ 10,161	\$ 32,701
2007	23,608	9,087	32,695
2008	24,738	7,963	32,701
2009	25,916	6,786	32,702
2010	27,149	5,552	32,701
2011	28,442	4,259	32,701
2012	29,794	2,905	32,699
2013	115,315	38,999	154,314
	<u>\$ 297,502</u>	<u>\$ 85,712</u>	<u>\$ 383,214</u>

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE F--LONG-TERM DEBT--Continued**

SCHOOL BUILDING AND SITE BONDS, SERIES 2002

The Agency obtained general obligation bonds in the amount of \$1,900,000 for the purchase and renovation of a new instructional and administration building. The interest, payable semiannually on May 1 and November 1 of each year, ranges from 4.60 percent to 5.00 percent. Principal is payable in varying amounts on May 1. Bonds maturing after 2011 are eligible for redemption. The Agency's remaining bond repayment requirements are as follows:

Year Ended June 30	Governmental Activities			
	General Obligation			
	November 1	May 1		Total
	Interest	Principal	Interest	
2005	\$ 44,460	\$ 40,000	\$ 44,460	\$ 128,920
2006	43,540	45,000	43,540	132,080
2007	42,505	45,000	42,505	130,010
2008	41,470	50,000	41,470	132,940
2009	40,320	50,000	40,320	130,640
2010	39,170	55,000	39,170	133,340
2011	37,905	55,000	37,905	130,810
2012	36,640	1,500,000	36,640	1,573,280
	<u>\$ 326,010</u>	<u>\$ 1,840,000</u>	<u>\$ 326,010</u>	<u>\$ 2,492,020</u>

CAPITAL LEASE OBLIGATION

The Agency financed the purchase of a voice mail system using an installment purchase agreement that requires forty-eight monthly payments of \$380, including interest at 15.89%. The \$13,349 cost of the equipment and its \$1,163 of accumulated amortization are included in the Government-Wide Statement of Net Assets as a capital asset. The future minimum lease payments are as follows:

June 30	Principal	Interest	Minimum Payments
2005	\$ 3,576	\$ 980	\$ 4,556
2006	4,187	369	4,556
	<u>\$ 7,763</u>	<u>\$ 1,349</u>	<u>\$ 9,112</u>

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE G--EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

The Agency contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor, and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The annual report may be obtained by writing to the Department of Management and Budget, Office of Retirement Systems, P.O. Box 30171, Lansing, Michigan 48909-7671, or by calling (517) 322-5103.

The Agency is required by state statute to contribute 12.17 percent of covered payroll from July 1, 2003 to September 30, 2003, and 12.99 percent from October 1, 2003 to June 30, 2004. Contributions to MPERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the Agency are established and may be amended only by state statute. The Agency's contributions to MPERS for the years ending June 30, 2004, 2003, and 2002, were \$359,982; \$355,497; and \$329,292, respectively. Required contributions payable at June 30, 2004, 2003, and 2002, of \$16,755; \$22,340; and \$34,272, respectively, were remitted after year-end.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9 percent of gross wages. The MIP contribution rate was 4.0 percent from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9 percent. Members first hired January 1, 1990, or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 4.3 percent of all wages over \$15,000. Basic Plan members make no contributions. Contributions collected and remitted by the School Agency on behalf of MIP members for the years ending June 30, 2004, 2003, and 2002, were \$86,323; \$83,897; and \$83,864, respectively, equal to the required contributions for each year.

Other Post-Employment Benefits

In addition to the pension benefits, MPERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPERS is factored into the pension contribution rate.

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE H--PROPERTY TAXES**

The taxable value of real and personal property located in the Agency's geographic area at December 1, 2003, totaled \$1,562,009,582, representing approximately 50 percent of the estimated current value. The tax levy for the year was based on millage rates of .2184 mills for general education and 1.8598 mills for special education (one mill is equal to \$1.00 per \$1,000 of taxable value).

**NOTE I--RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency, together with approximately 334 other school districts in the State, participate in the MASB-SEG Property/Casualty Pool, Inc., (Pool), a governmental group property and casualty self-insurance pool. The Agency pays an annual premium to the Pool for its general insurance, workers' compensation, and errors and omissions coverage. Members' contributions to the Pool in excess of claim losses, expenses, and other costs may be refunded. The Pool may assess members a supplemental assessment in the event of deficiencies.

The Pool limits the maximum net loss that may arise from large risks or risks in concentrated areas of exposure by re-insuring certain levels of risk with other insurers or re-insurers. The Agency's comprehensive and fleet insurance coverage is limited to a maximum of \$5,000,000 per occurrence for all claims. The Pool is responsible for paying costs up to the insurance limits with any additional costs covered by the Agency.

The Agency estimates that the amount of actual or potential claims, if any, against the Agency as of June 30, 2004, exceeding the risk pools' coverage, are not material to the basic financial statements. Therefore, no provision for estimated claims is recognized.

**NOTE J--NOTE RECEIVABLE**

The Agency entered into a land contract to sell the former administration building in the amount of \$625,000. Upon the execution of a land contract in June 2002, the Agency received a payment of \$400,000 toward the cost of the building. No interest is payable on the remaining outstanding balance of the land contract. The remaining amounts due for the building are as follows:

Year ended June 30	
2005	\$ 50,000
2006	50,000
	<u>\$ 100,000</u>

NOTES TO FINANCIAL STATEMENTS--Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

**NOTE K--RESTATEMENT**

Net assets at June 30, 2003, have been restated to correct an error. The June 30, 2003, financial statements reflected an incorrect amount of accrued interest payable. The effect of this error correction increases beginning net assets from \$2,959,956 to \$3,721,326.

## **REQUIRED SUPPLEMENTARY INFORMATION**



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL--GENERAL FUND

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 372,190	\$ 363,967	\$ 365,618	\$ 1,651
Other local sources	139,528	1,170,286	765,516	(404,770)
State sources	917,918	1,151,124	1,112,812	(38,312)
Federal sources		1,354,381	1,155,632	(198,749)
Other sources	154,665	226,116	216,650	(9,466)
<b>TOTAL REVENUES</b>	<b>1,584,301</b>	<b>4,265,874</b>	<b>3,616,228</b>	<b>(649,646)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	95,543	120,008	160,924	(40,916)
Support services:				
Pupil services	24,538	311,286	284,861	26,425
Instructional staff services	541,511	1,717,187	1,346,572	370,615
General administration services	267,395	282,382	257,017	25,365
Business administration services	333,668	330,601	312,298	18,303
Pupil transportation		750	705	45
Operations and maintenance	166,738	165,781	144,040	21,741
Central services	324,337	347,997	317,824	30,173
Community services	77,171	480,749	315,799	164,950
Debt service:				
Principal			3,053	(3,053)
Interest			1,503	(1,503)
Capital outlay			12,999	(12,999)
<b>TOTAL EXPENDITURES</b>	<b>1,830,901</b>	<b>3,756,741</b>	<b>3,157,595</b>	<b>599,146</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(246,600)</b>	<b>509,133</b>	<b>458,633</b>	<b>(50,500)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to local districts	(20,090)	(746,938)	(562,623)	184,315
Transfers from other funds	254,038	250,075	234,018	(16,057)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>233,948</b>	<b>(496,863)</b>	<b>(328,605)</b>	<b>168,258</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(12,652)</b>	<b>12,270</b>	<b>130,028</b>	<b>117,758</b>
Fund balance at beginning of year	1,478,664	1,478,664	1,478,664	0
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,466,012</b>	<b>\$ 1,490,934</b>	<b>\$ 1,608,692</b>	<b>\$ 117,758</b>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL--SPECIAL EDUCATION FUND

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,172,295	\$ 3,100,901	\$ 3,113,928	\$ 13,027
Other local sources	20,000	391,282	713,649	322,367
State sources	624,292	616,226	610,007	(6,219)
Federal sources	474,704	5,849,906	3,659,301	(2,190,605)
Other sources	49,866	69,675	82,998	13,323
<b>TOTAL REVENUES</b>	<b>4,341,157</b>	<b>10,027,990</b>	<b>8,179,883</b>	<b>(1,848,107)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:	405,859	817,762	686,387	131,375
Support services:				
Pupil services	368,111	1,469,134	1,244,165	224,969
Instructional staff services	350,439	560,709	474,817	85,892
General administration services			450	(450)
Business administration services	10,000	10,308	8,740	1,568
Operations and maintenance		3,311	3,311	0
Pupil transportation	1,600	3,500	2,911	589
Central services		1,991,228	649,053	1,342,175
Other support services	6,000	3,800	3,195	605
Community services		46,255	27,422	18,833
<b>TOTAL EXPENDITURES</b>	<b>1,142,009</b>	<b>4,906,007</b>	<b>3,100,451</b>	<b>1,805,556</b>
<b>EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES</b>	<b>3,199,148</b>	<b>5,121,983</b>	<b>5,079,432</b>	<b>(42,551)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to local districts	(2,594,714)	(4,210,211)	(4,622,005)	(411,794)
Transfers to other funds	(189,807)	(330,835)	(314,778)	16,057
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,784,521)</b>	<b>(4,541,046)</b>	<b>(4,936,783)</b>	<b>(395,737)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>414,627</b>	<b>580,937</b>	<b>142,649</b>	<b>(438,288)</b>
Fund balance at beginning of year	661,074	661,074	661,074	0
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,075,701</b>	<b>\$ 1,242,011</b>	<b>\$ 803,723</b>	<b>\$ (438,288)</b>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

**NOTE A--BUDGET TO ACTUAL RECONCILIATION**

The final budgets for both the General Fund and the Special Education Fund include both grant revenues and the related grant expenditures that will be utilized in the next fiscal year. The Agency budgeted the entire grant awarded by the grantors, even if the grants were to be expended in multiple fiscal years. The grant awards not expended by June 30, 2004, and eligible for carryover in the next fiscal year are as follows:

	General Fund	Special Education Fund
Revenues and other financing sources:		
Amounts available for appropriation per budgetary schedules	\$ 4,515,949	\$ 10,027,990
Grant carryover amounts included in final budget:		
Carryover award amounts whose period of availability extends after June 30, 2004	(681,169)	(2,079,612)
Carryover award amounts whose period of availability ended on June 30, 2004, but whose period will be extended by a grant carryover award	(66,366)	
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>3,768,414</b>	<b>7,948,378</b>
Expenditures and other financing uses:		
Appropriations per budgetary schedules	4,503,679	9,447,053
Grant carryover amounts included in final budget:		
Carryover award amounts whose period of availability extends after June 30, 2004	(681,169)	(2,079,612)
Carryover award amounts whose period of availability ended on June 30, 2004, but whose period will be extended by a grant carryover award	(66,366)	
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,756,144</b>	<b>7,367,441</b>
<b>BUDGETARY NET CHANGE IN FUND BALANCE</b>	<b>\$ 12,270</b>	<b>\$ 580,937</b>

## **OTHER INFORMATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	PY ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
<b>U.S. DEPARTMENT OF EDUCATION</b>						
DIRECT PROGRAMS						
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	\$ 29,631	\$ 351,091	\$ 111,225	\$ 81,594	\$ 0
PROJECT S215F020033						
<b>PASS-THROUGH MICHIGAN DEPARTMENT OF EDUCATION</b>						
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010					
PART A						
PROJECT 031530 0203				8,938	8,938	
PROJECT 041530 0304				8,008	8,008	
PART D						
PROJECT 031700 0203		2,352	5,659	17,439	15,087	8,663
PROJECT 041700 0304				9,550	18,213	
<b>PREVENTION INTERVENTION FOR DELINQUENTS</b>						
PROJECT 021700 0203		2,233	3,345	2,233		
		4,585	9,004	46,168	50,246	8,663
<b>SPECIAL EDUCATION GRANTS TO STATES</b>						
P.L. 94-142 FLOW THROUGH	84.027					
PROJECT 030450 0203		302,633	652,928	302,633	863,616	
PROJECT 030450 0203C				863,616	1,413,450	897,976
PROJECT 040450 0304				515,474		

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS --Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	P/Y ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
SPECIAL EDUCATION IDEA/ISD		\$ 202,707		\$ 202,707		
PROJECT 030470 1D33				183,602	\$ 328,270	\$ 144,668
PROJECT 040470 1D33						
STATE INITIATED/COMPETITIVE						
PROJECT 030480 EOSD		10,002	\$ 40,000	10,002		
PROJECT 030480 TMT		5,088	14,461	5,088		
PROJECT 040480 EOSD				35,403	40,000	4,597
PROJECT 040480 TMT				7,052	14,407	7,355
SPEC ED IDEA STATE INITIATED/DEPARTMENT						
PROJECT 020490 RCCB		17,403	42,422	17,403		
PROJECT 030490 TS		15,380	60,000	15,380		
PROJECT 040490 CB				34,982	35,394	412
PROJECT 040490 TS				55,148	70,000	14,852
		591,016	809,811	2,248,490	2,765,137	1,108,028
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173					
PL 94-192 PRESCHOOL INCENTIVE						
PROJECT 030460 0203		25,835	52,477	25,835		
PROJECT 030460 0203C				55,980	55,980	
PROJECT 040460 0304				26,335	52,713	26,378
		25,835	52,477	108,150	108,693	26,378
SPECIAL EDUCATION - INFANTS & FAMILIES WITH DISABILITIES	84.181					
INFANT & TODDLER FORMULA GRANTS						
PROJECT 021340 0203		522	19,536	522		
PROJECT 031340 190		27,629	99,262	27,629		
PROJECT 031340 190C				29,241	29,241	
PROJECT 041340 190				78,641	95,871	17,230
		28,151	118,798	136,033	125,112	17,230

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS --Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	P/Y ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186					
DRUG FREE FORMULA						
PROJECT 032860 0203		\$ 102,697	\$ 176,084	\$ 102,697	\$ 37,077	\$ 10,333
PROJECT 032860 0304				26,744		47,961
PROJECT 042860 0304		102,697	176,084	102,540	150,501	58,294
				231,981	187,578	
HOMELESS CHILDREN & YOUTHS	84.196					
HAA V11-B HOMELESS CHILD EDUCATION						
PROJECT 032320 0203		25,965	75,699	25,965	15,153	24,499
PROJECT 032320 0304				15,153	103,989	
PROJECT 042320 0304		25,965	75,699	79,490	119,142	24,499
				120,608		
VOC ED TECH-PREP EDUCATION	84.243					
VOC EDUCATION TECHNICAL PREP						
PROJECT 033540 2702		61,447	135,575	61,447	131,186	53,928
PROJECT 043540 401402		61,447	135,575	77,258	131,186	53,928
				138,705		
EISENHOWER PROFESSIONAL DEVELOPMENT STATE GRANTS	84.281					
EISENHOWER FORMULA						
PROJECT 020240 06		10,606	10,819	50,000	50,000	
PROJECT 020270 0203		10,606	10,819	10,606		
				60,606	50,000	0

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS --Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	PY ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298					
TITLE V LEA ALLOCATION		\$ 1,642	\$ 2,842	\$ 21,309	\$ 19,667	
PROJECT 030250 0203				1,705	3,705	\$ 2,000
PROJECT 040250 0304		1,642	2,842	23,014	23,372	2,000
STATE PROGRAM IMPROVEMENT GRANTS	84.323					
STATE IMPROVEMENT		111,059	296,968	443,492	339,232	6,799
PROJECT 020620 03001					284,268	284,268
PROJECT 030620 03001		111,059	296,968	443,492	623,500	291,067
IMPROVING TEACHER QUALITY STATE GRANTS	84.367					
PROJECT 030520 0203		330	330	330		0
TOTAL PASS-THROUGH MICHIGAN DEPARTMENT OF EDUCATION		963,333	1,688,407	3,557,577	4,183,966	1,590,087
PASS-THROUGH GRAND VALLEY STATE UNIVERSITY	84.027					
SPECIAL EDUCATION GRANTS TO STATES						
SPECIAL ED IDEA STATE INITIATED/DEPARTMENT				61,900	61,900	
PROJECT 040490 3D51						
PASS-THROUGH DELTA SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT	84.048					
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES						
PERKINS GRANT						
PROJECT 4012-02					128,259	128,259



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS --Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	PY ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
PASS-THROUGH DEPARTMENT OF CAREER DEVELOPMENT						
MICHIGAN REHABILITATION SERVICES	84.126					
VOCATIONAL REHABILITATIONAL GRANTS TO STATES		\$ 6,509	\$ 17,698	\$ 8,486	\$ 1,977	
PROJECT 2003 59357 53032				8,849	13,619	\$ 4,770
PROJECT 2004 59357 54920		6,509	17,698	17,335	15,596	4,770
PASS-THROUGH COMMUNITY SERVICE						
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.184C					
TITLE IV						
CSGC SAPE				14,146	27,715	13,569
CSGC SAPE					3,660	3,660
				14,146	31,375	17,229
PASS-THROUGH WAYNE REGIONAL EDUCATIONAL SERVICES AGENCY	84.318					
TECHNOLOGY LITERACY CHALLENGE FUND GRANTS						
PROJECT 044300 01					7,396	7,396
TOTAL U.S. DEPARTMENT OF EDUCATION		999,473	2,057,196	3,762,183	4,510,086	1,747,741
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
PASS-THROUGH PATHWAYS						
BLOCK GRANTS FOR PREVENTION & TREATMENT OF SUBSTANCE ABUSE	93.959					
ADMS BLOCK GRANT - PREVENTION		26,048	80,767	30,205	4,157	
PROJECT 0203				45,049	89,154	44,105
PROJECT 0304						
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		26,048	80,767	75,254	93,311	44,105

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS --Continued

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

PROGRAM TITLE	FEDERAL CFDA #	ACCRUED (DEFERRED) REVENUE 07/01/03	P/Y ACCUM EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 06/30/04
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
PASS-THROUGH MICHIGAN COMMUNITY SERVICE COMMISSION LEARN AND SERVE	94.004	\$ 2,201	\$ 6,153	\$ 2,201		
PROJECT MCSC SBLs P-31 03				3,799	17,152	\$ 13,353
PROJECT MCSC ISDLS F 04/04		2,201	6,153	6,000	17,152	13,353
AMERICORPS	94.006					
PROJECT MCSC MAC F-146 03		11,450	136,648	47,447	36,846	849
PROJECT MCSC MAC F-170 04		11,450	136,648	109,019	129,351	20,332
				156,466	166,197	21,181
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		13,651	142,801	162,466	183,349	34,534
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
DIRECT PROGRAMS						
HOMELAND SECURITY	97.004				2,308	2,308
<b>U.S. DEPARTMENT OF JUSTICE</b>						
PASS-THROUGH EASTERN UP SUBSTANCE ABUSE SERVICES						
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION	16.729					
PROJECT 2002-JN-FX-0013		33,164	48,271	40,914	7,750	
PROJECT 2002-JN-FX-0013				2,000	2,000	
PROJECT 2002-JN-FX-0013				9,014	43,800	34,786
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		33,164	48,271	51,928	53,550	34,786
<b>TOTAL FEDERAL AWARDS</b>		\$ 1,072,336	\$ 2,329,035	\$ 4,051,831	\$ 4,842,604	\$ 1,863,474

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

**NOTE A—SIGNIFICANT ACCOUNTING POLICIES**

The *Schedule of Expenditures of Federal Awards* is prepared using the same significant accounting policies as those used in the preparation of the basic financial statements.

**NOTE B—RECONCILIATION OF FEDERAL AWARDS**

Management has utilized the *Grants Section Auditors Report* (R7120) in preparing the *Schedule of Expenditures of Federal Awards*. The amount received as listed on Form R7120 plus \$436,715 (which represents an adjustment related to the Handicapped Preschool Grant) equals the U.S. Department of Education Grants passed through from the Michigan Department of Education.

The difference between the federal revenue listed in the basic financial statements and the total federal expenditures listed on the *Schedule of Expenditures of Federal Awards* of \$1,532 represents Medicaid fee for service revenue.



**MAKELA, TOUTANT, HILL & NARDI, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

201 West Bluff Street  
Marquette, Michigan 49855

Members  
American Institute of CPA's  
Michigan Association of CPA's

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Marquette-Alger Regional Educational Service Agency  
Marquette, Michigan

We have audited the financial statements of Marquette-Alger Regional Educational Service Agency as of and for the year ended June 30, 2004, and have issued our report thereon dated October 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Marquette-Alger Regional Educational Service Agency's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marquette-Alger Regional Educational Service Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition, in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



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*Our goal is to help you meet yours!*

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Board of Education  
Marquette-Alger Regional Educational Service Agency

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*Makela, Tautant, Hill & Naudi, P.C.*

October 15, 2004



**MAKELA, TOUTANT, HILL & NARDI, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

201 West Bluff Street  
Marquette, Michigan 49855

Members  
American Institute of CPAs  
Michigan Association of CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Marquette-Alger Regional Educational Service Agency  
Marquette, Michigan

Compliance

We have audited the compliance of Marquette-Alger Regional Educational Service Agency with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Marquette-Alger Regional Educational Service Agency's major federal programs are identified in the summary of results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Marquette-Alger Regional Educational Service Agency's management. Our responsibility is to express an opinion on Marquette-Alger Regional Educational Service Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marquette-Alger Regional Educational Service Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Marquette-Alger Regional Educational Service Agency's compliance with those requirements.

In our opinion, Marquette-Alger Regional Educational Service Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.



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Board of Education  
Marquette-Alger Regional Educational Service Agency

Internal Control Over Compliance

The management of Marquette-Alger Regional Educational Service Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Marquette-Alger Regional Educational Service Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*Makeba, Tactant, Hill + Naudi, P.C.*

October 15, 2004

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### **MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY**

Year Ended June 30, 2004

#### **SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Marquette-Alger Regional Educational Service Agency.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Marquette-Alger Regional Educational Service Agency, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions were disclosed regarding the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Marquette-Alger Regional Educational Service Agency expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that require disclosure under section 510(a) of OMB Circular A-133.
7. The programs tested as major include Special Education Grants to States (CFDA #84.027) and Special Education Grants to Preschools (CFDA #84.173).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Marquette-Alger Regional Educational Service Agency qualified as a low-risk auditee.

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

None

#### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None



SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Eisenhower C/O (10/17/02-6/30/03)	84.281	11-0-334121						
Proj 020270-0203								
Passed thru to:			\$	\$	\$	\$	\$	
Autrain-Onoda			434.30	217.15	434.30		217.15	
Gwinm			759.99		759.99			
Ishpeming			398.12		398.12			
Munising			796.22		796.22			
Negaunee			1,159.48		1,159.48			
NICE			1,440.00		1,440.00			
Republic-Mich			349.53	132.38	349.53		132.38	
Superior Central			509.35	219.51	509.35		219.51	
Wells			494.30	132.38	494.30		132.38	
Total Passed to Subrecipients			6,341.29	701.42	6,341.29	\$	701.42	\$ 0
Homeless 2003-04								
Proj 042320/0304	84.196A	11-0-394240						
Passed thru to:								
All. Against Domestic Violence			2,000.00		1,860.65		1,860.65	
Baraga County Shelter Home			2,000.00		2,000.00		2,000.00	
Barbara Kettle Gundlach Shelter			2,000.00		1,999.19		1,999.19	
Caring House			2,000.00		2,000.00		2,000.00	
Diane Peppier Resource Center			2,000.00		2,000.00		2,000.00	
Child & Family Services of UP			2,000.00		1,851.70		1,851.70	
Rainbow House			1,000.00		1,000.00		1,000.00	
Sault Ste Marie Housing Comm			1,000.00		998.40		998.40	
Domestica Violence Escape			2,000.00		2,000.00		2,000.00	
Lutheran Soc. Serv.-Voices			2,000.00		1,944.00		1,944.00	
Women's Center			2,000.00		2,000.00		2,000.00	
Total Passed to Subrecipients			20,000.00	-	19,653.94		16,802.24	2,851.70

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Homeless 2002-03	84.196A	11-O-394230						
Proj 032320/0203								
Passed thru to:								
All. Against Domestic Violence			\$ 1,500.00	\$ 1,500.00				
Baraga County Shelter Home			2,000.00	2,000.00				
Barbara Kettie Gundlach Shelter			1,500.00	1,500.00				
Caring House			1,500.00	1,500.00				
Diane Peppier Resource Center			1,500.00	1,500.00				
Domestic Violence Escape			1,500.00	1,500.00				
Lutheran Soc. Serv.-Voicas			1,500.00	1,500.00				
Women's Center			1,500.00	1,500.00				
Total Passed to Subrecipients			12,500.00	371.54	\$ 0	\$ 371.54		\$ 0
Perkins 03-04								
Proj 4012-02	84.048A	11-O-414140						
Passed thru to:								
Gwin			6,240.00		6,240.00	5,050.37		1,189.63
Ishpeming			7,702.00		7,702.00			7,702.00
Marquette			28,002.00		28,002.00			28,002.00
Negaunee			10,795.00		10,795.00			10,795.00
NICE			13,656.00		13,656.00			13,656.00
Superior Central			1,973.00		1,973.00			1,973.00
Total Passed to Subrecipients			68,368.00	-	68,368.00	5,050.37		63,317.63
Tech Prep 03-04								
Proj 043540/4014-02	84.243A	11-O-414240						
Passed thru to:								
Bay De Noc Community College			16,398.00		16,398.00	15,545.27		16,398.00
Delta-Schoolcraft ISD			25,254.00		25,254.00	14,448.00		9,708.73
Dickinson-Iron ISD			20,567.00		20,567.00			6,119.00
Menominee ISD			11,112.00		8,790.32			8,790.32
Total Passed to Subrecipients			73,331.00	-	71,009.32	29,993.27		41,016.05

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Safe & Drug Free Schools (7/1/03-6/30/04) C/O Proj 032860/0304	84.186A	11-0-614131						
Passed thru to:								
Autrain-Onota			\$ 266.00	\$	266.00			
Bark River-Harris			1,840.00		1,840.00			
Big Bay de Noc			1,382.00		1,382.00			
Brietung			4,468.00		4,468.00			
Burt			290.00		290.00			
Escanaba Area Schools			11,839.00		11,839.00			
Forest Park			2,197.00		2,197.00			
Gladstone			5,167.00		5,167.00			
Gwin			14,978.00		5,861.00	\$ 9,117.00	\$ 9,117.00	
Iron Mountain			4,332.00		4,332.00			
Ishpeming			9,217.02		2,018.02	7,199.00	7,199.00	
Manistique			4,504.00		4,504.00			
Marquette			12,290.00		12,290.00			
Menominee			4,985.00		4,985.00			
Mid Peninsula			1,737.00	\$ 1,737.00	1,737.00		1,737.00	
Munising			7,794.00		7,794.00			
Nah Tah Wahsh PSA			273.00		-	273.00	273.00	
Negaunee			4,616.00		4,616.00			
NICE			2,908.00		2,908.00			
North Central			1,976.00		1,976.00			
North Dickinson			1,142.00		1,142.00			
North Star Academy			313.00		313.00			
Norway-Vulcan			2,176.00		2,176.00			
Powell			389.00		389.00			
Rapids River			1,589.00		1,589.00			
Republic-Michigamme			728.00		728.00			
Stephenson			3,884.00		-	3,884.00	3,884.00	
Superior Central			1,584.00		1,584.00			
Wells			79.00		79.00			
West Iron County			5,312.00		5,312.00			
Total Passed to Subrecipients			114,255.02	1,737.00	93,782.02	20,473.00	22,210.00	\$ 0

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Safe & Drug Free Schools (7/1/03-6/30/04)	84.186A	11-O-614140						
Passed thru to:			\$		\$	\$		
Autrain-Onda			216.00		216.00		216.00	
Bark River-Harris			1,336.00		1,336.00		1,336.00	
Big Bay de Noc			993.00		993.00		993.00	
Brietung			3,558.00		3,558.00		3,558.00	
Burt			204.00		204.00		204.00	
Escanaba Area Schools			8,994.00		8,994.00		8,994.00	
Forest Park			1,536.00		1,536.00		1,536.00	
Gladstone			11,443.00		3,943.00		3,943.00	
Gwinn			4,041.00		4,041.00		4,041.00	
Iron Mountain			11,001.00		3,501.00		3,501.00	
Ishpeming			3,072.00		3,072.00		3,072.00	
Manistique			3,764.00		3,764.00		3,764.00	
Marquette			9,771.00		9,771.00		9,771.00	
Menominee			3,935.00		3,935.00		3,935.00	
Mid Peninsula			1,275.00		1,275.00		1,275.00	
Munising			2,185.00		2,185.00		2,185.00	
Nah Tah Wahsh PSA			251.00		251.00		251.00	
Negaunee			3,596.00		3,596.00		3,596.00	
NICE			2,335.00		2,335.00		2,335.00	
North Central			1,310.00		1,310.00		1,310.00	
North Dickinson			852.00		852.00		852.00	
North Star Academy			232.00		232.00		232.00	
Norway-Vulcan			1,684.00		1,684.00		1,684.00	
Powell			272.00		272.00		272.00	
Rapid River			1,119.00		1,119.00		1,119.00	
Republic-Michigamme			510.00		510.00		510.00	
Stephenson			3,243.00		3,243.00		3,243.00	
Superior Central			1,156.00		1,156.00		1,156.00	
Wells			60.00		60.00		60.00	
West Iron County			3,848.00		3,848.00		3,848.00	
Total Passed to Subrecipients			87,792.00	\$	0	\$	72,792.00	\$
					0			0

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
LEA Medicaid FFS-Transportation	*****	22-0-194200						
Proj *****								
Passed thru to:								
Autrain-Orota				\$ 112.00	\$ 112.00		\$ 112.00	
Gwinn				8,361.13	8,361.13		8,361.13	
Ishpeming				3,308.23	3,308.23	\$ 1,531.22	4,839.45	
Marquette			\$ 1,531.22	6,435.03	6,435.03		6,435.03	
Munising				353.38	353.38		353.38	
Negaunee				3,896.26	3,896.26		3,896.26	
NICE				3,384.47	3,384.47		3,384.47	
Powell				946.56	946.56		946.56	
Superior Central				98.00	98.00		98.00	
Total Passed to Subrecipients			1,531.22	26,895.06	26,895.06	1,531.22	28,426.28	\$ 0
Flow Through								
Proj 040450/0304	84.027A	22-0-714140						
Passed thru to:								
Autrain			4,397.19			4,397.19	3,008.45	1,388.74
Burt			8,914.97			8,822.59	5,278.67	3,543.92
Gwinn			157,038.58			124,585.58	124,585.58	28,619.58
Ishpeming			112,542.79			102,504.07	73,884.49	141,112.38
Marquette			389,527.38			389,527.38	248,415.00	73,763.58
Negaunee			161,244.02			156,436.68	82,673.10	6,868.00
NICE			144,056.64			144,056.64	144,056.64	6,580.00
Northstar			7,550.71			7,550.71	289.80	6,235.93
Powell			6,869.80			6,869.80	20,671.79	
Superior Central			26,907.72			26,907.72	3,050.00	
Wells			3,050.00			3,050.00	706,596.23	268,112.13
Total Passed to Subrecipients			1,022,099.80	-	-	974,708.36		

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Flow Through 02-03 (7/1/02-6/30/03)	84.027A	22-0-714130						
Proj 030450/0203								
Passed thru to:								
Autrain			\$ 842.53	\$ 842.53				
Burt			609.03	609.03				
Gwinn			4,783.86	4,783.86				
Ishpeming			1,501.62	1,501.62				
Marquette			5,943.77	5,943.77				
Munising			2,820.71	2,820.71				
Negaunee			2,018.26	2,018.26				
NICE			3,669.16	3,669.16				
Powell			579.20	579.20			\$ 579.20	
Republic-Mich			369.54	369.54				
Superior Central			1,198.59	1,198.59				
Total Passed to Subrecipients			24,336.27	579.20	24,336.27	\$ 0	579.20	\$ 0
Technology Materials Training 02-03 (7/1/02-6/30/03)	84.027	22-0-714330						
Proj 030480/TMT								
Passed thru to:								
Delta-Schcraft ISD			3,919.00	302.00	3,919.00		302.00	
Dickinson-Iron ISD			3,109.00	222.00	3,109.00		222.00	
Menominee ISD			1,677.00	91.00	1,677.00		91.00	
Total Passed to Subrecipients			8,705.00	615.00	8,705.00	-	615.00	-

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
<b>Technology Materials Training 03-04 (7/1/03-6/30/04)</b>								
Proj 040480/TMT	84.027	22-0-714340						
Passed thru to:								
Delta-Schcraft ISD			\$ 3,818.00		\$ 3,818.00	\$ 3,818.00	3,818.00	
Dickinson-Iron ISD			2,867.00		2,867.00	2,867.00	2,867.00	
Menominee ISD			1,801.00		1,801.00	1,801.00		\$ 1,801.00
Total Passed to Subrecipients			8,486.00	\$ 0	0	8,486.00	6,685.00	1,801.00
<b>Preschool 2002-03 (7/1/02-6/30/03)</b>								
Proj 030460-0203	84.173A	22-0-714530						
Passed thru to:								
Gwinn			1,108.57		1,108.57			
Ishpeming			1,638.17		1,638.17			
Marquette			1,210.81	1,000.00	1,210.81		1,000.00	
Negaunee			1,246.78	181.38	1,246.78		181.38	
NICE			1,000.00		1,000.00			
Total Passed to Subrecipients			6,204.33	1,181.38	6,204.33	-	1,181.38	-
<b>Preschool 2003-04 (7/1/03-6/30/04)</b>								
Proj 040460-0304	84.173A	22-0-714540						
Passed thru to:								
Gwinn			1,072.38			1,072.38	1,072.38	
Ishpeming			1,000.00			1,000.00	1,000.00	
Negaunee			1,000.00			1,000.00	1,000.00	
NICE			1,000.00			1,000.00	1,000.00	
Total Passed to Subrecipients			4,072.38	-	-	4,072.38	4,072.38	-

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number Subrecipient Name	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year		Due to (From) Subrecipients 6/30/2004
							Cash Trans to Recipients		
Personnel Development 03/04 Proj 040470-1D33	84.027A	22-0-744340							
Passed thru to:			\$					\$	
Bad Axe Public Schools			2,600.00				2,600.00		
Bay City Public Schools			5,000.00				2,674.18		
Bedford Public Schools			5,000.00				5,000.00		
Berkley School District			5,000.00				3,580.56		\$ 3,580.56
Calendonia Community Schools			5,000.00				5,000.00		
Calhoun ISD			5,000.00				5,000.00		
Center Line Public Schools			5,000.00				3,023.93		1,976.07
Cheboygan Area Schools			4,944.00				4,944.00		
Comstock Public Schools			5,000.00				5,000.00		
CrossRoads Charter Academy			5,000.00				5,000.00		
Dearborn Academy			4,367.18				4,367.18		5,000.00
Dearborn Public Schools			5,000.00				5,000.00		
Fenton Area Public Schools			5,000.00				1,268.00		
Greenville Public Schools			4,372.00				4,372.00		
Harper Woods Schools			5,000.00				5,000.00		
Hartland Consolidated Schools			3,236.00				3,236.00		
Hedke Elementary Schools			4,250.00				4,250.00		
Holly Academy			5,000.00				4,999.06		
Huron Valley Schools			5,000.00				4,994.99		
Huron ISD			5,000.00				5,000.00		
Ionia Public Schools			5,000.00				5,000.00		
Kalamazoo Public Schools			5,000.00				3,897.00		3,897.00
Kentwood Public Schools-East			1,500.00				1,467.00		1,467.00
Kentwood Public Schools Wedgewood			5,000.00				5,000.00		
Lewis Cass ISD			4,900.00				4,894.69		
Mason Lake ISD			5,000.00				5,000.00		5,000.00
Mason Public Schools			5,000.00				5,000.00		
Mecosta-Osceola ISD			5,000.00				5,000.00		
Millington Community Schools			5,000.00				5,000.00		
Montabella Community Schools			5,000.00				5,000.00		
Morenci Public Schools			5,000.00				5,000.00		



SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number Subrecipient Name	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
			\$	\$	\$	\$		
Morley Stanwood Community			5,000.00				5,000.00	
Mount Clemens Community			5,000.00				5,000.00	
Murphy Elementary Schools			4,830.00				4,830.00	
NICE Community Schools			2,780.00				2,780.00	
Northview Public Schools			5,000.00				5,000.00	
Ostego Public Schools			2,120.00				2,025.06	
Perry Public Schools			5,000.00				5,000.00	
Plainwell Community Schools			1,350.00				1,350.00	
Pleasant Lake Elementary Schl			3,930.00				3,454.53	
Pontiac School District			5,000.00				4,869.95	
Redford Union School District			5,000.00				5,000.00	
Reese Public Schools			4,880.00				4,880.00	
Remus Elementary			5,000.00				5,000.00	
St Clair Co ISD			5,000.00				5,000.00	
Southfield Public Schools			4,245.34				2,827.82	
Traverse Bay Area ISD			1,960.00				1,960.00	
Traverse City Area Public			5,000.00				1,254.95	
Tri County Area Schools			5,000.00				4,997.00	
Van Buren ISD			5,000.00				5,000.00	
Waverly Community Schools			5,000.00				4,272.00	
West Bloomfield School District			5,000.00				5,000.00	
Whitmore Lake Public Schools			5,000.00				5,000.00	
Williamston Community Schools			4,830.00				4,830.00	
Wyoming Public Schools			3,000.00				3,000.00	
MAASE			3,000.00				3,000.00	
MASSW			5,000.00				5,000.00	
Michigan Rehab Conference			3,000.00				3,000.00	
State-wide Spec Ed Parent Conf			3,000.00				3,000.00	
West Michigan Inclusion Network			3,000.00				3,000.00	
Michigan Council for Exeopt Children			5,000.00				-	5,000.00
Total Passed to Subrecipients			273,094.52	\$	0	\$	223,549.46	29,326.51

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Personnel Development 02-03 (7/1/02-6/30/03)	84.027A	22-0-744330						
Proj 030470-1D33								
Passed thru to:								
COP ISD			\$ 4,961.12		\$ 4,961.12			
Clarkston Community Schools			5,000.00		5,000.00			
Clinton County RESA			4,576.00		4,576.00			
Comstock Public Schools			5,000.00	\$ 5,000.00	5,000.00		\$ 5,000.00	
Comstock Public Schools (3yr)			5,000.00		5,000.00			
Farwell Area Schools			5,000.00		5,000.00			
Fenton Area Public Schools			4,815.00		4,815.00			
Flint Community Schools			4,586.22		4,586.22			
Fremont Public Schools			4,881.34		4,881.34			
Harper Woods School District			5,000.00		5,000.00			
Hillsdale County ISD			4,935.59		4,935.59			
Holly Area Schools -02-010			5,000.00		5,000.00			
Holly Area Schools - 02-056			5,000.00		5,000.00			
Holly Academy			5,000.00		5,000.00			
Huron Valley Schools-02-058			4,998.99		4,998.99			
Huron Valley Schools - 02-128			4,982.30		4,982.30			
Huron Valley Schools- 02-033			4,671.12		4,671.12			
Kalamazoo Advantage Academy			4,227.44		4,227.44			
Kentwood Public Schools			5,000.00		5,000.00			
Lapeer Community Schools			5,000.00		5,000.00			
Lincoln Park Public Schools			5,000.00	5,000.00	5,000.00		5,000.00	
Mason Public Schools			5,000.00		5,000.00			
Mecosta-Oshtemo ISD			5,000.00		5,000.00			
Menominee Area Public Schools			5,000.00		5,000.00			
MI Assoc Learning Dis. Ed.			5,000.00		5,000.00			
Mid-MI Public School Academy			4,527.00	4,527.00	4,527.00		4,527.00	
Millington Community Schools			5,000.00		5,000.00			
Morenci Public Schools			4,891.37	1,999.35	4,891.37		1,999.35	
Muskegon Heights Public Schools			5,000.00		5,000.00			
NICE Community Schools			4,970.00		4,970.00			
Olivet Community Schools			5,000.00		5,000.00			

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number Subrecipient Name	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Pontiac School District			\$ 4,562.00	\$ 1,691.28	\$ 4,562.00		\$ 1,691.28	
South Haven Public Schools			5,000.00		5,000.00			
St. Clair County ISD			4,999.73		4,999.73			
Sturgis Public Schools			5,000.00		5,000.00			
Traverse Bay Area ISD			4,992.00		4,992.00			
Traverse City Area Schools			5,000.00		5,000.00			
Tri City Area Schools- 02-002			4,987.96		4,987.96			
Tri City Area Schools- 02-024			4,990.00		4,990.00			
Tri City Area Schools- 02-073			4,050.00		4,050.00			
Tri City Area Schools- 02-091			4,885.00		4,885.00			
Tri City Area Schools- 02-135			4,991.74		4,991.74			
Van Buren ISD			5,000.00		5,000.00			
Vassar Public Schools- 02-022			5,000.00	51.52	5,000.00		51.52	
Vassar Public Schools- 02-038			3,831.30	914.49	3,831.30		914.49	
Warren Consolidated Schools			5,000.00		5,000.00			
Waverly Community Schools			5,000.00		5,000.00			
West Bloomfield School District			5,000.00		5,000.00			
Westwood Community Schools			5,000.00		5,000.00			
Wyoming Public Schools			5,000.00		5,000.00			
Zeeland Public Schools			3,000.00		3,000.00			
MI Assoc of School Soc. Workers			5,000.00	5,000.00	5,000.00		5,000.00	
MI Council -Exceptional Children			2,500.00		2,500.00			
MI Commission on Disability			5,609.51		5,609.51			
MI Family Independence Agency			3,000.00		3,000.00			
MI Assoc. of POHI/SXI Conf.			5,000.00		5,000.00			
MI Rehab. Conference			3,000.00	3,000.00	3,000.00		3,000.00	
MAASE			3,000.00		3,000.00			
West MI Inclusion Network								
Total Passed to Subrecipients			279,422.73	27,183.64	279,422.73	\$ 0	27,183.64	\$ 0

State Improvement Grant (07/01/02-06/30/03)

Proj 020620/03001 84.323A 22-0-744430

Passed thru to:

Academy for Business and Tech.

\$ 500.00

\$ 500.00

\$ 500.00

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Daggett Elementary			4,000.00		4,000.00			
Utica Community Schools			500.00		500.00			
Ottawa Area ISD			1,000.00	\$ 1,000.00	1,000.00		\$ 1,000.00	
Mellen Elementary School			3,887.46		3,887.46			
Total Passed to Subrecipients			9,887.46	1,000.00	9,887.46	\$ 0	1,000.00	\$ 0
State Improvement Grant C/O (07/01/03-01/31/04)								
Proj 020620/03001	84.323A	22-0-744430						
Passed thru to:								
Cause								
Total Passed to Subrecipients			15,000.00	-	-	15,000.00	15,000.00	-
State Improvement Grant (07/01/03-06/30/04)								
Proj 030620/03001	84.323A	22-0-744440						
Passed thru to:								
Allegan County ISD			3,200.00			3,200.00		3,200.00
Belmont Elementary School			5,000.00			4,969.17		4,969.17
Ingham ISD			9,000.00			8,987.51		8,987.51
Oakland Schools			12,400.00			12,400.00		12,400.00
Parkside Elementary School			15,000.00			15,000.00		15,000.00
Sparta Area Schools - High			5,000.00			5,000.00		5,000.00
Sparta Area Schools - Middle			15,000.00			15,000.00		15,000.00
St. Joseph County ISD			3,200.00			3,200.00	3,200.00	
Saginaw ISD			6,000.00			6,000.00		6,000.00
Shiawassee RESD			3,200.00			3,200.00	3,200.00	
Wayne RESA			13,000.00			13,000.00		13,000.00
Total Passed to Subrecipients			90,000.00	-	-	89,956.68	6,400.00	83,556.68
UP CARES (Autism Project) (8/20/02-6/30/03)								
Proj 030490-3D51	84.027A	22-0-794230						
Total Passed to Subrecipients			\$ 491.89	\$ 491.89				
Marquette			79.62					79.62
Munising								
Copper Country ISD			7,554.00					7,554.00

SCHEDULE OF FEDERAL FINANCIAL AWARDS PROVIDED TO SUBRECIPIENTS

MARQUETTE-ALGER REGIONAL EDUCATIONAL SERVICE AGENCY

Year Ended June 30, 2004

Program Title/ Grant Number Subrecipient Name	CFDA Number	Program Number	Subrecipient Award/ Contract Amount	Due to (From) Subrecipients 37,803.00	Subrecipient Prior Year Expenditures	Subrecipient Current Year Expenditures	Current Year Cash Trans to Recipients	Due to (From) Subrecipients 6/30/2004
Delta-Schoolcraft ISD			7,554.00		7,554.00			
Dickinson-Iron ISD			2,000.00		2,000.00			
Eastern UP ISD			7,554.00		7,554.00			
Gogebic-Ontonagon ISD			7,554.00	\$ 7,554.00	7,554.00		\$ 7,554.00	
Menominee County ISD			7,554.00		7,554.00			
Total Passed to Subrecipients			40,341.51	7,554.00	40,341.51	\$ 0	7,554.00	\$ 0
UP CARES (Autism Project) (8/20/03-6/30/04)								
Proj 040490-3D51	84.027A	22-0-794240						
Total Passed to Subrecipients								
Gwin			434.28			434.28		
Marquette			474.47			474.47		210.81
Nice			72.00			72.00		
Copper Country ISD			7,923.57			7,923.57		
Delta-Schoolcraft ISD			7,923.57			7,923.57		
Dickinson-Iron ISD			7,923.57			7,923.57		
Eastern UP ISD			7,923.57			7,923.57		
Gogebic-Ontonagon ISD			10,923.57			10,923.57		10,923.57
Menominee County ISD			7,923.57			7,923.57		6,522.00
Total Passed to Subrecipients			51,522.17	-	-	51,522.17	33,865.79	17,656.38
TOTAL FEDERAL FINANCIAL AWARDS								
PROVIDED TO SUBRECIPIENTS			\$ 2,217,290.70	\$ 67,818.24	\$ 508,415.67	\$ 1,650,449.04	\$ 1,210,629.20	\$ 507,638.08